

# Per beneficiary payment for primary care

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# Overview

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- Recap of December meeting discussion on payment for primary care
- Draft recommendation to establish a per beneficiary payment for primary care
- Brainstorm options for next steps for Commission work on payment methods for primary care

## Recap of discussion at December meeting

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- Support for Chairman's draft recommendation
- Make clear Commission's rationale for recommendation
- Emphasize that per beneficiary payment exempt from beneficiary cost sharing
- Commission expressed interest in further work on payment methods for primary care

# Rationale for draft recommendation

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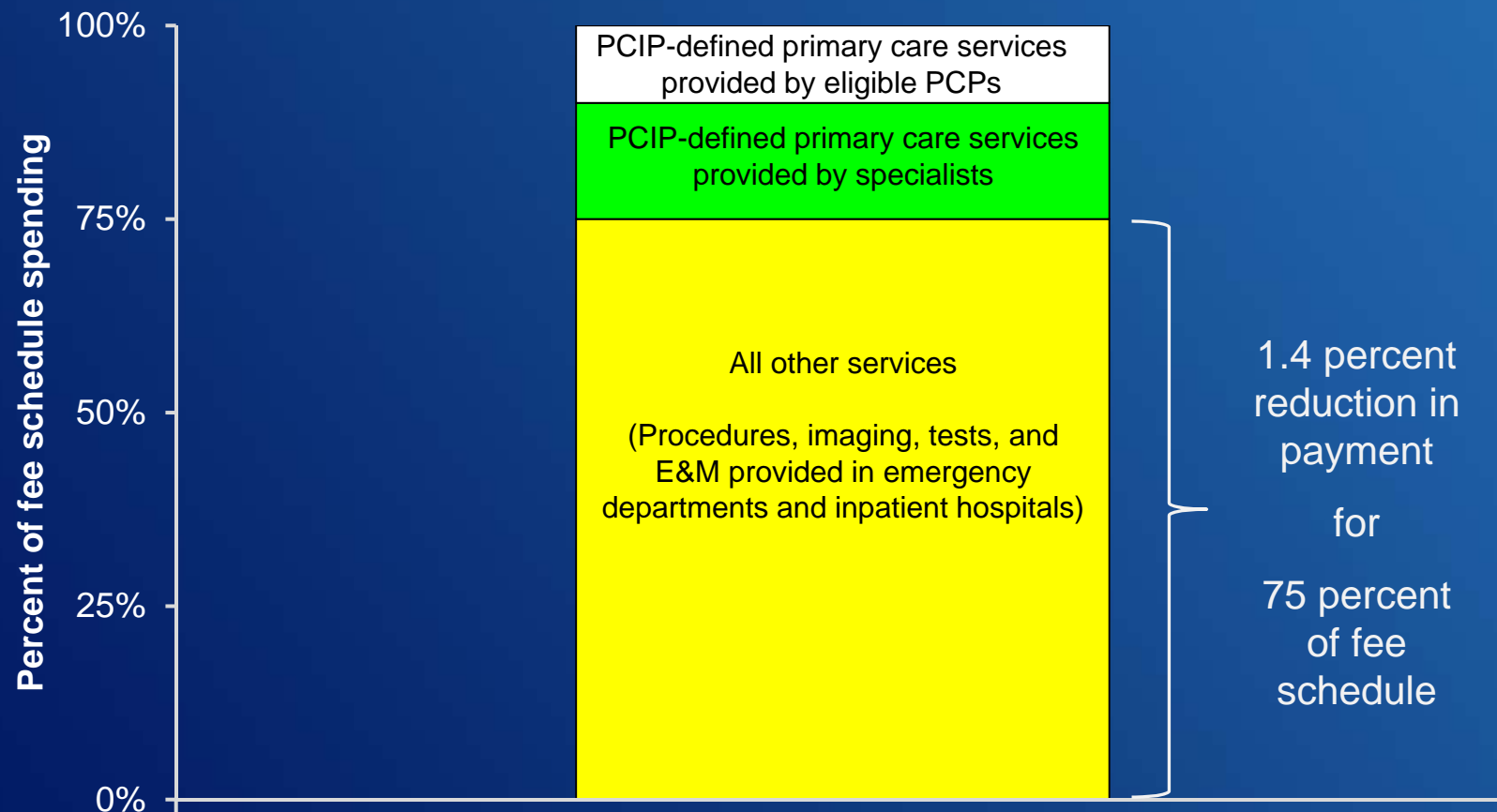
- Primary care is undervalued
  - Compensation much less than other specialties
  - Discourages clinical careers in primary care
  - Long-run: Beneficiary access at risk
- Primary care bonus expires at year's end
  - Similar to 2008 Commission recommendation
  - Allowing bonus to expire sends wrong signal
- Continue additional payments but in form of per beneficiary payment

# Design features of a per beneficiary payment

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- Payment amount set at the level of the current bonus
- Payable for beneficiaries prospectively attributed to practitioners
- Payment not contingent on practice requirements
- Payment exempt from beneficiary cost sharing
- Funded by reducing fees for services other than PCIP-defined primary care services

# Funding from services other than PCIP-defined primary care services



Note: PCIP (Primary Care Incentive Payment program), PCPs (Primary care practitioners), E&M (evaluation and management services).

# Discussion

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- Draft recommendation
- Brainstorm options for next steps for Commission work on payment methods for primary care

## Next steps on primary care

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- Concerns about payment for primary care
  - Physicians in some specialties compensated at rates more than double that of primary care
  - Procedural services can become overpriced due to technology advances and other factors
  - Commission contractor confirmed feasibility of validating fee schedule's relative value units
  - Fee-for-service ill-suited as payment mechanism for ongoing, coordinated care



## Next steps on primary care (continued)

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- Previous Commission recommendations
  - Establish budget-neutral primary care bonus
  - Encourage Secretary to undertake medical home pilot
  - Identify overpriced services and adjust fees
  - Repeal SGR and rebalance fee schedule with higher updates for primary care than for other services